Previous references.

1904-5
(Gl. Finance

File No. 131

Serial Nos. 30

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B. for March

SUBJECT.

Mysore Spinning & Manufacturing Co.

	FILE No. 131 of 1904-05.
	The Mysore Spinning and Manufacturing Company.
30	To the Chairman of the Board of Directors, Bombay, and S. S. Setlur, Esq., B.A., LL.B., Advocate, Bombay, No. Fl. 6349-50, dated 25th March 1905. Forwards copies of the memo submitted by the Comptroller on the working of the Mysore Spinning and Manufacturing Company, Limited, Bangalore, and calls upon them to advise the Comptroller on the various points referred to in the memo. Forwards copy to the Comptroller, No. 6351, dated 25th March 1905.

Working of the Mysore Spinning & Manufacturing Company Limited up to 28th February 1905

Confidential

Recently I had reports from Calcutta and other places that there was a very large margin between cotton and yarn prices and all the cotton Mills had been making large profits. I therefore decided to examine the prices paid by the cotton purchasers of the Mysore Mill.

2. The accompanying statements obtained from the agents give the dates of purchase, the place of purchase, the kind of cotton and the price paid on each date for each candy of 500 lbs ~~candy~~ for delivery at the Mill.

3. The first point We have to consider is, how the prices paid compare with the market prices on the dates concerned. This point can best be decided by the Bombay Directors and I suggest that the statement may be sent to them for favour of personal inspection and for their opinion.

4. The second point in connection with this statement that strikes me is that the purchases have been made largest when the price was rather high. Cotton prices went down very low in January and February but according to the statement given the largest purchases have been made in November. Thus:-

October - - - - -	6.195-13-10
November - - -	31.172-2-#
December - - - -	19.477-15-6
January - - -	19.236-1-1
	76082-0-5

5 The debits to Cotton accounts including remittances to Sub-agencies & freight according to the Cash accounts were as follows:

October	32 – –
November	16.228 – 9 – 3
December	29.627 – 15 – 9
January	34.713 – 2 – 2
	80.601 – 11 – 2

6 By comparing these cash payments with the actual purchases it will be clear that cash has been drawn largely when the prices were very low whereas the charges have been made at rates much higher than the ruling prices. This is all the more remarkable because the arrangement for obtaining funds was concluded with Government on the 23d November and according to the statements most of the heavy purchases had been completed before that date!!

7 I have thought it necessary to bring the above aspect of the case specially to notice because I have been told that

(1) Cotton formerly purchased for the Hubli Mill at higher prices has been passed on to Bangalore; and

(2) that the funds obtained from Government have been used largely for purchasing Cotton for the Hubli Mill at cheap rates.

8. It is not possible for me to verify the correctness of the above statements or insinuations but the Bombay Directors really understand these matters much better than I do and they may be asked confidentially for their opinion whether there is

the
any reason to suspect the bona fides of the undertaking.
On one point there can be no doubt and that is that purchases are made out of such money on account of the Hubli Mill. In the cash accounts submitted to the Comptroller, Mysore, the following amounts have been charged as payments for purchases on account of the Hubli Mill:

December 23 (Bombay)	5,000——
January 10	2,500——
January 23	2,501—4——
	10,001—4——

9. Reports have been received that in February the agent sold some cotton purchased at a lower price and made a profit of Rs 700. This profit has not yet been credited in the cash accounts and it is stated that it will be credited when the cheque is received.

10. On the whole, therefore, it is necessary to ascertain in consultation with the Chairman of the Board whether the transactions are being conducted solely in the interest of the Bangalore Mill.

11. I submit herewith a statement of assets and liabilities for 28th February 1905, in which two points require special consideration.

Firstly, the value of the cloth and yarn stock on the date stands 63,000

Secondly, a sum of Rs 10.232—11—6 is shown as liability incurred by the Head office at Bombay

12. The Government of Mysore is required to find

the necessary capital for working the Mill, and we have already supplied over a lakh including preliminary expenses. The question is, should the agents be allowed to keep so much yarn & cloth in stock and to press Govt to advance more funds. So far as the agents are concerned, ~~they~~ they get the money free from Government and they say that they will sell when price of yarn goes up. But it is a pure speculation and no body knows whether prices will go down or up in the early future. I should say that so far as Govt is concerned the one lakh already advanced should be enough and the agents should work within narrower limits and should sell yarn & cloth at market rates without speculating about higher prices in the future. The agents have already asked for a further advance of Rs 25.000/- and I have informally told them that I am not satisfied that any more funds can be advanced with safety to Govt interests but I shall be obliged if Govt before finally deciding obtain the advice of the Bombay experts as to what exactly is considered as a reasonable working capital for a small mill like that of Bangalore which has not even been put into full working for in fact only a little more than half the entire mill is worked and remembering the fact that it takes only 5 days to convert cotton into yarn and the Mill can not operate upon more than perhaps 20 or 25 thousand worth of cotton in a month at the present rate of

If further advances are really considered necessary I should like to know the maximum limit of the advances

working, the question of further advances should be very carefully scrutinized.

13. The last point I have to notice is as regards the large liability of the Head Office at Bombay on 28th February. Is there any occasion for [illegible] in carrying such a liability when Govt has advanced for working capital a sufficient amount to admit of [illegible] having large accumulation of Stock?

W. Broun
14.3.05.

N. Sirur & Co.
Agents
Bombay.

The Mysore Spinning and Manufacturing
Company, Limited.
Bangalore 19

List of Cotton purchases made up to the 28 February 1905.

Month and Date.	Place of Purchase.	Through whom purchased.	Weight in lbs	Weight in candy	Weight in lbs	Rate per 500 lbs delivered at the Mill			Value in Rs	as	P.
1904 Dec	19 Davangere	M. Lingappa	7046	14	46	134	13	4	1900	1	6
"	24 — do —	— do —	15491	30	491	138	10	5	4295	12	4
Nov	5 — do —	— do —	1105	2	105	136	12	8	304	8	-
"	13 Bangalore	M. Hariyanna	14377	28	377	136	-	-	8694	12	-
"	26 — do —	— do —	17589	35	89						
"	2 Hubli	N. Sirur & Co.	4355								
"	9 — do —	— do —	31035								
"	16 — do —	— do —	31878								
"	29 — do —	— do —	12497	159	265	138	15	9	22172	14	1
Dec	6 Bangalore	M. Hariyanna	2746	5	246	136	-	-	746	14	7
"	17 Davangere	M. Lingappa	30132	60	132	129	1	2	7778	5	6
"	1 Ranibennur	Ramkrishna A.S. & Co.	6278	12	278	130	13	7	1642	15	3
"	12 Hubli	N. Sirur & Co.	16992½								
"	12 — do —	— do —	4322½								
"	27 — do —	— do —	3491½								
"	30 — do —	— do —	9762	69	68½	134	10	7	9309	12	2
1905 Jany	7 Davangere	M. Lingappa	6516	13	6	120	8	4	1570	9	6
"	10 Bangalore	M. Hariyanna	10414	25	282	120	"	-	3067	10	10
"	16 — do —	— do —	2368								
"	23 — do —	— do —	3279								
"	24 — do —	— do —	3610	13	389	120	-		1653	5	9
"	22 Bombay	N. Sirur & Co.	24139	42	139	105	7	7	4459	4	8
"	28 — do —	— do —	23807	47	307	101	2	7	4816	10	6
Febry	1 — do —	— do —	15569	31	69	117	13	-	3668	7	10
"	4 Madras	Gerdes & Co. per D. Sadashivarao	20000	40	0	109	12	10	4392	4	-
"	4 Erode	C. T. Narayanpillay	6947½	13	447½	103	14	7	1443	12	9
"	4 Davangere	M. Lingappa	2734	5	234	113	11	3	621	12	0
"	27 — do —	— do —	5098	10	98	117	5	9	1196	10	5
"	9 Hubli	N. Sirur & Co.	9918	19	418	121	7	2	2409	2	0
"	9 — do —	— do —	6398	12	398	115	-	10	1472	4	-
"	4 Bangalore	M. Hariyanna	2407½	4	407½	120	-	-	577	12	9
		Total	349302½	698	302½	126	3	11	88195	10	5

E & O.E.

Bangalore
3rd March 1905. } "Copy"

[Signed] Sadasiva Gopal
Secretary

C.C. 13/3/05

Head Office
Bombay.
N. Sirur & Co.,
Agents.

The Mysore Spinning & Manufacturing Company Limited.

Bangalore 15th March 1905.

Statement Showing description of Cotton brought up to the end of Febuary 1905.

Month and date	Place of Purchase	Through whom Purchased	Description of Cotton	weight in lbs	Value in Rupees Rs	As	P.
1904							
October 19	Davangere	M. Sangappa	Kairaty	7046	1,900	1	6
" 24	Do	Do	Do	15491	4,295	12	4
November 5	Do	Do	Do	1,105	304	8	"
" 13	Bangalore	M. Haryanna	Do	14,377	8,694	12	"
" 25	Do	Do	Do	17,589			
" 2	Hubli	N. Sirur & Co.	Coompta Kairaty	4,355			
" 9	Do	Do	Do	3,524			
" "	Do	Do	M.G. Coompta	8,901			
" "	Do	Do	S.G. Dharwar	5,162			
" "	Do	Do	H.G. Coompta	6,274			
" 16	Do	Do	Coompta	39,052			
" 16	Do	Do	M.G. Coompta	1,096			
" 29	Do	Do	H.G. Coompta	11,401	22,172	14	1
December 6	Bangalore	M. Haryanna	Kairaty	2,746	746	14	7
" 17	Davangere	M. Sangappa	Do	30,132	7,778	5	6
" 1	Ranibinnur	N. Sirur & Co.	Do	6,278	1,642	15	3
" 12	Hubli	N. Sirur & Co.	Coompta	16,992 1/2			
" 13	Do	Do	Kairaty	4,322 1/2			
" 27	Do	Do	Do	3,491 1/2	9,309	12	2
" 30	Do	Do	M.G. Coompta	9,762			
1905							
January 7	Davangere	M. Sangappa	Kairaty	6,516	1,570	9	6
" 10th	Bangalore	M. Haryanna	Do	19,671	4,721	"	7
" 22	Bombay	N. Sirur & Co.	Pachora (Khandesh)	21,139	4,459	4	8
" 28	Do	Do	Coompta	23,807	4,816	10	6
February 1	Do	Do	Broach	15,569	3,668	7	10
" 4	Madras	D. Sadashiv Rao	Westerns	20,000	4,392	4	"
" 4	Erode	C.T. Narayen Pillay	Bourbone	6,947 1/2	1,443	12	9
" 4	Davangere	M. Sangappa	Kairaty	2,734	621	12	"
" 27	Do	Do	Do	5,098	1,196	10	5
" 9	Hubli	N. Sirur & Co.	M.G. Coompta	9,918	2,409	2	"
" "	Do	Do	Coompta	6,398	1,472	4	"
" 4	Bangalore	M. Haryanna	Saw Ginned Dharwar	2,407 1/2	577	12	9
			Total	349302 1/2	88,195	10	5

E & O. E.

Bangalore
15th March 1905

(Signed) Soobra Gopal
Secretary.

"Copy"

Head Office
Bombay.
M.Sirur & Co.,
Agents.

The Mysore Spinning & Manufacturing Co., Ltd.,

Bangalore, 8th March 1905.

Statement of Liabilities on 28th February '05.

	Dr	Cr
M.Hariyanna, Bangalore ...		3737 15 3
M.Sangappa, Davangere ...		345 3 4
----do---- for cotton to arrive ...		2959 0 0
R.A. Sirur, Ranebenoor		231 13 2
B.Luchmillarayan		15 9 3
Verupachappa, M'coi		4 8 9
Matan Coomara Chetty		0 2 0
S.S.Wagh (Stores &c)		5390 4 3
Head Office, Bombay		10232 11 6
Fuel Contractors		977 12 0
Wages for February 1905		4000 0 0
---do-- for Establishment		1090 0 0
Banigar Karveerappa ...	316 3 6	
Y Parashram ...	4126 3 3	
Allabakash, Madras ..	78 13 5	
M. Sirur & Co., Hubli ...	1713 4 11	
Lingappa & Hariyanna ...	270 15 8	
	6505 8 9	
Net Liabilities ...	22499 7 4	
Rupees	29005 0 1	29005 0 1

E & O.E.

Sd. Soobrao Gopal,

Secretary.

"Copy"

5401

To Secy

Send Orders to Board of Directors in Bombay & especially to W. Settur and authorize him kindly give the Comptroller all the information he ~~desires~~ wants. Then discuss with Mr Basu and make your self clear about what is wanted. Instruct them generally that they may promptly respond to all such calls directly received from the Comptroller

18. III. 05

Early Myrie

Seen the draft letter
BK 23-3-1905

Mr. Basu for favour of
to Comptroller
19.3.1905

Rec'd 21.3.05

d/ No 3149-57

Bangalore
March 23
1857

Sir

I enclose for your information a note of our Comptroller, who is also the Govt. Director and Manager of the Mysore Spinning & Manufacturing Mill at Bangalore in which he brings to notice certain points connected with the working of the Mill.

I shall be obliged if you will advise on the various points brought to notice of Mr Bax. Mr Brown

~~but a Expert in Mill manage-~~
~~ment and he has~~ has stated
his doubts in the Note and
~~I~~ will be much obliged if
you give him all the in-
formation he wants and also
indicate to him the lines
on which he should discuss
the necessity for further funds
and similar questions

I have asked Mr Brown in future
to refer to you direct on
points on which he may
require information and

I shall be obliged if you will promptly respond to all calls from him for information or advice ~~direct received from the Comptroller~~.

Yours faithfully
&
Secy

To The Chairman & the
Board of Directors of the
Mysore Spinning & Manu-
-facturing Company Limited
at Bangalore. Bombay.

To S. S. Setlur Esq B.A; L.L.B
Advocate, High court - of Bombay.

Copy & the Comptroller